

Minutes of the Regular Meeting of the  
BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT #2

A regular meeting of the Board of Directors of Bastrop County Water Control and Improvement District #2 was held on Thursday, November 19, 2020, beginning at 6:30 p.m. The meeting was conducted by videoconference and telephone.

**Present BCWCID #2 Board Members:**

Mary Beth O'Hanlon, President  
Butch Carmack, Vice President  
Scott Ferguson, Secretary  
Sam Kier, Treasurer  
Karen Pinard, Director  
Ron Whipple,

**BCWCID #2 Staff/Other Professionals:**

Paul Hightower, General Manager  
Tony Corbett, Attorney  
Tyler Walsh, Operations Manager  
Alma Rodriguez, District Administrator

**MEETING DISCUSSION TOPICS**

- 1.) Call to Order and Establish a Quorum  
President O'Hanlon called the meeting to order at 6:30 p.m. A quorum of Board members was present.
- 2.) Pledge of Allegiance
- 3.) Texas State Flag
- 4.) Public Comments/Announcements (The Board respectfully requests that persons limit comments to three (3) minutes. Under the Open Meeting Act, the Board may not deliberate or take action in response to any matter raised during public comment that is not a separate agenda item.)  
None.
- 5.) Discussion and possible action regarding scheduling of future meeting dates:
  - a. Regular Board of Director's Meeting scheduled for Thursday, January 21, 2021 at 6:30 p.m.  
  
President O'Hanlon stated the next regular Board meeting will be on held on January 21, 2021 and most likely it will still be a virtual meeting.
- 6.) CONSENT AGENDA: (*Consent Agenda items are generally routine. Unless removed by a member of the Board or General Manager, items listed on the consent agenda may be acted on together and without prior discussion.*)
  - a. Approval of minutes from the October 15, 2020 Regular Meeting of the Board of Directors;

- b. Approval of monthly financial report for October; and
- c. Approval of Release of Liens held by District on Real Property.

Alma Rodriguez stated there was one correction on the minutes, she failed to add Mary Beth O'Hanlon as present at the meeting.

**Motion: Sam Kier moved to approve the Consent Agenda items with correction noted. Seconded: Scott Ferguson. Vote: Four (4) in favor, motion carries.**

- 7.) Employee Recognition for Patricia Lujan for 10 years of service  
Paul Hightower stated we had this employee recognition was planned for March but due to COVID we put it off.

Mr. Hightower and Alma Rodriguez congratulated and recognized Patricia Lujan for her 10 years of service.

- 8.) Recognition of outgoing board member  
President O'Hanlon presented Karen Pinard an Appreciation plaque for her many years of Service and Dedication serving as a Board member and being the General Manager of the District.

Director Pinard thanked everyone on the Board and the employees.

- 9.) Approve Issuance of Certificate of Election, Oath of Office, Statement of Officer, Director Bond, and such other action as may be necessary for newly elected directors to qualify for office  
Alma Rodriguez stated that earlier in the week Ron Whipple and Scott Ferguson came in the office and the Oath of Office and Statement of Officer were administrated. We have filed the applications for the bonds and waiting for them to be processed.

**Motion: Sam Kier moved to approve the Issuance of Certificate of Election, Oath of Office, Statement of Officer, Director Bond, and such other action as may be necessary for newly elected directors to qualify for office. Seconded: Butch Carmack. Vote: Four (4) in favor, motion carries.**

- 10.) Election of Officers  
President O'Hanlon stated after each election we have to elect officers. First role will be for President of the Board.

**Motion: Sam Kier moved to nominate Mary Beth O'Hanlon as President. Seconded: Scott Ferguson.**

**Mary Beth O'Hanlon accepted the nomination.**

**Vote: Four (4) in favor, motion carries.**

President O'Hanlon asked if there is a motion for Vice President.

**Motion: Sam Kier moved to appoint Butch Carmack as Vice President.**

**Butch Carmack declined due to his fulltime employment and his side business he feels like he doesn't have the time that he thought he would have to devote to the District, but he would like to nominate Scott Ferguson as Vice President.**

**Seconded: Sam Kier.**

**Scott Ferguson accepted the nomination.**

**Vote: Four (4) in favor, motion carries.**

President O'Hanlon asked for a nomination for Treasurer.

**Motion: Butch Carmack moved to nominate Sam Kier as Treasurer. Seconded: Scott Ferguson.**

**Sam Kier accepted the nomination.**

**Vote: Four (4) in favor, motion carries.**

President O'Hanlon asked for a nomination for Secretary.

**Motion: Butch Carmack moved to nominate Ron Whipple as Secretary. Seconded: Scott Ferguson.**

**Ron Whipple accepted the nomination.**

**Vote: Four (4) in favor, motion carries.**

- 11.) Discussion and possible action regarding adoption of Resolution Designating the Authorized Signatories for all District Financial Transaction with Authorized Banks

Alma Rodriguez stated that every time there is a change in Board members, we need to have new signature cards at the banks. In your packet there was a Resolution rescinding Karen Pinard and adding Ron Whipple to all financial institutions. Once approved I will deliver it to the banks and let everyone know when paperwork is ready to be signed.

**Motion: Sam Kier moved to approve the Resolution Designating the Authorized Signatories for all District Financial Transaction with Authorized Banks. Seconded: Scott Ferguson.**

**Vote: Four (4) in favor, motion carries.**

- 12.) Discussion and possible action regarding the following items to be presented in the General Managers report:

Paul Hightower reported on the following items:

**a. Status of TTHM compliance:**

Drilling has been completed. To simplify it, this did not test out to be a good production spot. The water available in the ground at the depths we would need for a good pumping rate, just wasn't there. I am currently waiting on the chemical analysis of the water to determine if we are in a good area for water to be utilized. The next step is taking this analysis to the hydrologist and working with them to check the area and compare to our results above. I am also speaking with another drilling company about doing a groundwater analysis with radar technology. This would be a short cut to actually be able to find a solid point of groundwater without having to drill a bunch of test holes.

Director Carmack asked do you know when the test results will be back?

Paul Hightower responded it should be any time now but will follow up.

**b. Update on district water plants and lift stations:**

Sand blasting and painting of the final tanks are in progress now.

**c. W/W maintenance & Capital Improvements update:**

We approved BEFCO to move forward on the construction docs for the Tahitian line upgrade. The job has been put into their survey que and will be started after they finish the roads in November or December.

No other updates.

**d. Roads maintenance & improvement projects update:**

Roads are doing great this past month.

**19/20 Road Construction:** The third section has been completed off Akaloa and a walk-thru is being scheduled but will be delayed on BEFCO's side as Joseph was placed into a 14-day quarantine which will expire on November 27th. The final batch (Pahalawe and Kaapahu) will be started soon.

**20/21 Roads:** Surveys are being conducted.

**e. Employee update:**

No updates at this time.

**f. General Office Update:**

No updates at this time.

- 13.) Discussion and possible action regarding the Road Committee

a. Receive Monthly Committee Update

Paul Hightower stated there are no updates, but he did reach out to all committee members by email a couple of weeks ago. We will be scheduling a meeting for January.

Jo Egitto stated Don Fee resigned from the Road Committee, so we thank him for his service and wish him well.

Paul Hightower and President Hightower stated they have not heard that but thanks Mrs. Egitto for the information.

Alma Rodriguez stated they will get something on the website and send an email out about the open position.

- 14.) Discussion and possible action regarding possible policy changes on method for adding roads to the 5-year road plan.

Director Ferguson stated there has been a lot of discussion amongst the Board members, Committee members and residents about using road density as the main criteria of deciding which roads are going to be part on the 5-year plan. There needs to be discussion about other criteria determining what roads we will add. We have seen it before how a builder will build 25 homes on a street and it will bump out a road that has been on the plan for several years due to density. I just don't think it is fair.

Director Kier stated density came from the Road Committee and I do believe density has worked well for us to get us where we are in the last 6 years. Density is not the only factor that the Road Committee came up with, so I look forward to the Road Committee coming up with further recommendations.

Jo Egitto stated we have been talking road density because that has been the dogma that has been there but thinking outside the box for the years that are not locked on the plan gives us some wiggle room to have us think creatively. Kathleen Newton who is a TXDOT Engineer has some great ideas and I am sure Greg our newest member has some ideas as well, but we need to look at it physically and creatively because we have a mission to accomplish.

Director Kier stated 6 years ago when we started density, it hasn't been that long, so it is not a dogma. Density was a way to take all the emotion out of it and all the favors that might have been happening out of it so there was a logical mathematically view so we could get as many roads done in a sort amount of time as possible. I think we have done an excellent job over the past 6 years.

President O'Hanlon agreed the that this task should be done by the Road Committee.

Director Carmack stated he agreed with Director Ferguson and we should have more sympathy for residents who have been here longer than someone that has been here for a year.

15.) Discussion and possible approval regarding awarding contract for Construction of New Maintenance Building

Paul Hightower stated we are finally moving forward on this item. TVPOA and ACC are clear on what we are wanting to build. We met on-site with the county officials concerning clearing of the property with the Fire Mitigation mulching team, and, discussing that we're in a Toad area. There was quite a bit of discussion about the fact that the pond that we have on site has as tested positive for the Houston Toad.

We discussed about, maybe fencing it in and it being used as a live habitat area or possibly a conservation area with monitors and such. The surveying should be complete by the end of the week. Running electric to the site will be around the \$9 to \$10, 000 range. Once the survey is completed, we can start lining out the building. As I mentioned, last month, we did receive four bids for the construction. We had a bid opening on October 13, and the 2 sealed bids that we received were from Aggie Land Construction for \$451,251 and Caspro Builders for \$282,972. We did receive 4 bids 2 were sealed and 2 were unsealed so the other 2 had to be excluded. We are doing the site prep work in house. The County will be doing the tree clearing as part of the Fire Mitigation. The County is working on Lamaloa currently. At this time, staff is recommending accepting the contract price of \$282,972 for the building from Caspro Builders, so we can get moving forward.

Director Kier asked Mr. Hightower to speak more about the toad issues since there were issues down at the river when we did the parking lot additions before the County took over the park. I just want to make sure we can build the building.

Paul Hightower stated when we met out there on site, it was with Carrie and her people in her office when we discussed the pond and the locations of the pond to the building and there were no concerns from the County.

Director Kier asked if we need to put a caveat in the contract for the building to ensure that we can get permits just to protect the District.

Mr. Hightower stated he doesn't think the builder will have an issue with that.

Director Ferguson stated he noticed some scope gaps in these two proposals, specifically site work, excavation, getting that pad ready on both of them. Caspro is excluding it, but Aggie Land is scraping some topsoil adding three inches of select fill. Did you get anything for site work? Who is going to build that pad? What is it going to cost?

Mr. Hightower stated we are doing the work in house and I explained that to Aggie Land and they said that it was just part of their standard proposal.

Scott Ferguson stated that Aggie Land excludes the HVAC in the shop and Caspro is vague where it talks about just AC services.

Paul Hightower stated there is no AC in the shop, it is only in the office section of the building.

Director Ferguson stated the price is good.

President O'Hanlon stated the bid is good, normally when I see that big of a difference between two bids, I start wondering who is putting too much or he's not getting it, but I feel much more comfortable with the Caspro bid seeing that actually spent time at the site. .

**Motion: Sam Kier moved to award the contract to Caspro in the amount of \$282,972 to build the new maintenance building with the contingency that we spoke about regarding obtaining permits. Seconded: Scott Ferguson. Vote: Four (4) in favor, motion carries.**

- 16.) Discussion and possible action regarding upgrading water meters and meter software

Paul Hightower stated there is no new information on this item. It is all under Capital review.

- 17.) Discussion on future capital improvement projects and financing analysis by SAMCO Capital Markets

Paul Hightower stated he and Director Kier having been working with Chris Lane from SAMCO regarding future projects. Ms. Lane had another meeting tonight and she is not on the line, we can put this as an item on the agenda for January but either way, we look at it, the next item, is for the engineering firm to prepare estimates for capital improvement projects.

President O'Hanlon asked if everyone was okay with postponing this until January until we can have SAMCO come on the line with us to talk this through?

Director Ferguson agreed.

Director Kier stated he was okay with having Chris Lane speak at the January meeting, but I think it is important that the board understands what we have to do, especially when we get to the budget, which is coming up in a couple of items. Basically, we have a requirement. If we borrow more money, which we expect to do, and that is the next item, but we have to be able to cover the debt payment, with our projected 2021 revenues and net expenses, and this is how we been taught by Chris Lane on how to present our numbers.

First, you look at your revenue, less your expenses, add back your depreciation, because that is noncash. You then have an adjusted expense. You add in your payments for debt, which is the, the principle of the TWDB payment, because the interest is already included in your expenses. And then you add your new debt payment. And we put in half a million dollars as an example, which is \$6 million of gross debt at 15 years at 3%. So, that would probably be \$5.2 to \$5.3 million dollars of debt that we could actually be able to use on capital projects. Showing that we have a cash flow of \$591,000 left. Free cash flow for the revenue. We would have to be able to cover the debt payment with the \$591,000 and have a 25% coverage. So, \$235,000 is the coverage requirement, and we have \$591,000. So, we have enough free flow of cash to be able to not only pay for the debt payment, but have the 25% coverage, as well.

Paul Hightower stated Chris Lane is on the line now. He informed Ms. Lane that they were just going through the numbers and Director Kier was explaining the process and what we are looking at regarding the for the loan and the 25% coverage required for the debt payments. So, if you have anything that you would like to address the board, please, by all means, feel free.

Chris Lane asked Director Kier to continue with whatever you were discussing then she could go over the process for issuing the bonds.

Director Kier stated he went through the numbers at a high level to show the board that we have enough free cash flow in order to secure debt of about \$6 million or more. I want to make sure the Board felt comfortable, so when they review the FY 21 budget later in the meeting that they do the proper scrutiny of the budget to ensure that they feel comfortable with the revenue and the expenses because that is the basis for our application to the banks, TWDB, or whoever we end up getting the money from by using those numbers that Paul has created, that I reviewed, we have enough cash, free cash flow in order to secure the debt.

Chris Lane stated there is a whole process for Districts issuing debt, but I will let you know what we're talking about here. Interest rates are at an all-time low. I just closed a deal yesterday for the City of Bee Caves for a seven-year tax note at .79%. I have never seen interest rates that low. The experts say that this is going to continue for a while. So, what we are looking at doing with districts, and I've done it three times this year. You get everything approved at the TCEQ as if you were doing an open market regular bond sale for 20 years and we put all those costs in there, and we get ready to do it that way, so, that you are set up for that if you need to do a 20-year deal. But what we have been doing is, we've been shortening up the maturity to like 15 years. So, you are cutting out some interest, you're lowering the interest rates. And you privately place it with an institution. So, you have a limited offering document, you are not paying sales credit, you're saving 3% right off the top. You are not paying for a bond rating, you're not paying for bond insurance, you're not paying to print a document or disclosure counsel, there's a lot of other things that you're saving, and you place it with a



bank. It has to be competitive and I send it out to, like 15 banks and we have to get back at least two bids to be considered competitive. All those things we will look at, once we get through the commission, and we're ready to sell the bonds. And we see what the market's doing, but it is, I know on larger bond issues with my water districts, even nonrated water districts. Now, those are taxing entities, you are not a taxing entity, but essential service is very important right now, and when you're seeing those bonds sell, you know, things that people, they know people are going to pay their water and wastewater bill. Taxes can be problematic like the last time we had a crash in the market and a weight, some of those cities had trouble collecting taxes and other states. So, essential services in revenue bonds like this, we are more attractive, because people have to turn on the water and flushed their toilet. So, they pay that bill. I think there is an opportunity here, to shorten the maturity. Depending on when we sell those bonds, and actually look at that. So that is another option. The TWDB is always an option to you, but you are going to pay more engineering fees, and it's going to take longer plus you're going to have limitations on what you spend that money on, and you can't mix water and wastewater. So, you would have to have two loans, because we're doing it, we're doing a mix here, but we think we can save enough money by doing it this way. This was my suggestion to Paul and Sam, that this is going give you some more opportunities and give you extra money to put towards your projects.

Chris Lane asked if anyone had any questions about the process and we will get into more detail as we move along and move forward with this, but the first steps are hiring your engineer, and then working on the cost summary and what you are going to put in for projects to submit to the commission.

President O'Hanlon stated this is a complex thing for us and this will be a learning process, but I do appreciate your willingness of going through the process with the Board. We do have many needs and we are fortunate that this is a good time when interest rates are low, and we should be able to get more for our money.

**President O'Hanlon** thanked Chris Lane for her time.

- 18.) Discussion and possible action regarding approval of contract with an Engineering firm to prepare application and engineering estimates for capital improvement projects.

Paul Hightower stated he issued a Request for Qualifications from Engineering firms. We received a total of 3 packets. They were from BEFCO Engineering, CMA Engineering and Jones-Heroy. After requiring all qualification, it was hard to make a recommendation. SAMCO has worked with CMA Engineering and Jones-Heroy.

Mr. Hightower's recommendation to the Board was to approve the contract with Jones-Heroy due to the fact that they employees and engineering that are ex

TCEQ employees with very lengthy background and knowledge base for the bond application process.

Director Kier asked if Jones-Heroy will provide the blessing on the financials or do we need to contact Bob West for that.

Chris Lane stated this is one of those things that is in your bond documents and I think Jerry Kyle would agree, because usually TWDB has this in there. Your coverage for your issuing additional debt must be signed off by an engineer or the accountant and it's usually easier to get the engineer to do that than the accountant, because he wants to go through a whole year of audits but fortunately, you're right at the end of the year so you're going to be getting an audit done anyway, Sam, so it might not be too cumbersome for that auditor to do that. The last one I did, the auditor did.

The Board advised Paul Hightower to check with the auditor and Jones-Heroy about the financials.

**Motion: Sam Kier moved to accept Paul Hightower's recommendation to approve the contract with Jones-Heroy for the application process and engineering estimates for our Capital Projects. Seconded: Butch Carmack. Vote: Four (4) in favor, motion carries.**

Director Kier asked if Jerry Kyle submitted a new contract since he transferred firms.

Paul Hightower stated he did not but would contract Jerry Kyle and this item would be on the January agenda.

- 19.) Discussion and possible action regarding approval of use of surplus Texas Water Development Board for funding capital improvement projects  
Paul Hightower stated we are hold with this item.
- 20.) Discussion and possible action regarding adoption of Order Establishing water and wastewater rates and fees for residential customers.  
Paul Hightower stated after reviewing the budget for this year staff is recommending no rate increase for water and wastewater for 2021. The plan for next year is to do an annual budget and rate study workshop every starting in August to better forecast our needs.

Director Kier stated he just wanted to say that when we review Item #22 the Budget the budget was established with no changes in rates.

- 21.) Discussion and possible action regarding adoption of Order Setting Road Fees for 2021  
Paul Hightower stated staff is recommending that current rates stay as is at \$204 per lot for 2021.

Tony Corbett stated that the prior Road Resolution states it was only applicable to calendar year 2020 so we will need a motion on this item.

**Motion: Sam Kier moved to approve a Road Resolution Setting the road fees at \$204.00 per lot until the Board decides to change the fee. Seconded: Butch Carmack. Vote: Four (4) in favor, motion carries.**

22.) Discussion and possible action regarding adoption of Resolution Approving Budget for Fiscal Year 2021

Paul Hightower stated the budget was emailed to everyone as well as Chris Lane and Jerry Kyle. We had conversation relating to how the budget is lined out, and how it's viewed. We were sitting with roughly around \$3 million in the capital, because of our capital plan and Chris Lane stated it's not good to have it that way so I went back and made some changes. You don't want to have somebody view it and see that you're looking at potentially being \$3 million in debt when you're trying to borrow money. I'll give a summary of everything here shortly.

Director Kier added so then once we get the debt then we can amend the budget for the capital items.

Paul Hightower stated he did a review of water and wastewater taps for the past 5 years. Water taps have been an average of 92 taps a year and wastewater taps were an average of 38. I base the budget on 75 water taps and 35 wastewater taps. As we open some of these roads the customer base is going to grow. I have budgeted water sales for 2021 at \$1.6 million.

FY 2021 Budget	10 Month Actuals Jan - Oct 20	12 Month Estimates	FY 2020 Approved Budget	Variance	FY 2021 Proposed Budget
<b>WATER</b>					
Total Water Revenue	\$2,066,670	\$2,168,904	\$2,002,400	-\$166,504	\$2,173,200
Total Water Expense	\$1,142,550	\$1,380,132	\$1,650,000	\$269,868	\$1,604,007
Net Ordinary Income	\$924,120	\$788,772	\$352,400	-\$436,372	\$569,193
Total Capital Outlay	\$323,168	\$387,802	\$1,225,000	\$837,198	\$235,000
Net Income	\$600,952	\$400,970	(\$872,600)		\$334,193
			With 2020 balance:		\$735,163

Director Kier asked what items are in the Capital Plan since we just approved the building?

Paul Hightower stated he took out the water well and the water meters because of the TWDB funds that we have from the conversation he had with Chris Lane.

Director Kier stated you might want to have a separate budget sections for those items.

Chris Lane suggested what you to want to do is set up separate capital budgets when we issue the bonds, you're going to have a separate capital projects fund, and everything gets paid out. What a bank or a lender is looking at when they're looking at your budget. If you're going to fund a project like through the Texas Water Development Board, because you got funds left over from that, that's not part of your budget, that's a separate budget, that's a separate capital budget that you can do. They are trying to see, based on the income that you've got coming in, and your normal expenses, what's your bottom line? Less depreciation, less any capital if it's capital that you going to pay from cash, you can go ahead and put it in your budget, they're going to back it out, but if it's bond money and it's anything you're going to fund through the bond issue, it's separate from your operating budget.

Director stated I think what we need to do is to put those items back into the capital plan, but then have another item at the bottom of the capital plan and the budget, that shows we are going to pay for the water meters out of TWDB funds, and we're going to pay for the building out of cash. My concern is that we have already approved spending of the building and if I was Bob West or an engineer, I would not feel comfortable approving this budget, because there's already a resolution to go spend \$300,000 on a building.

Chris Lane stated that is coming out of cash not out of the bonds so you can call that capital on your budget and I talked to Paul all about that, anything that you're going pay out of cash or out of your budget, you put that under capital line item in your budget, but anything come out of the bonds is aside from that.

Director Kier suggested adding another section to the budget and add the building back in.

Paul Hightower thanked Chris Lane for the clarification.

Chris Lane asked if the water meters was being funded from Texas Water Development Board funds then that line item needs to be taken out.

Director Kier stated we need to wait until we have approval from TWDB.

Paul Hightower reviewed the wastewater budget.

FY 2021 Budget	10 Month Actuals Jan - Oct 20	12 Month Estimates	FY 2020 Approved Budget	Variance	FY 2021 Proposed Budget
<b>WASTEWATER</b>					
Total WW Revenue	\$971,635	\$1,165,962	\$1,151,800	-\$14,162	\$1,221,300
Total WW Expense	\$823,633	\$977,315	\$1,103,775	\$126,460	\$1,101,825
Net Ordinary Income	\$148,002	\$188,647	\$48,025	-\$140,622	\$119,475
Total Capital Outlay	\$66,812	\$66,812	\$85,000		\$155,000
Net Income	\$81,190	\$121,835	(\$36,975)		-\$35,525
				With 2020 balance:	\$86,310

Chris Lane asked if Mr. Hightower if he could adjust the budget in wastewater so we are not in the negative position.

Paul Hightower reviewed the Road Construction and Road Maintenance budget.

FY 2021 Budget	10 Month Actuals Jan - Oct 20	12 Month Estimates	FY 2020 Approved Budget	Variance	FY 2021 Proposed Budget
<b>Road Construction</b>					
Total RC Revenue	\$569,302	\$1,080,270	\$1,043,200	-\$37,070	\$1,013,040
Total RC Expense	\$256,874	\$308,249	\$589,800	\$281,551	\$568,054
Net Ordinary Income	\$312,428	\$772,021	\$453,400	-\$318,621	\$444,986
Total Capital Outlay	\$656,830	\$788,196	\$885,000		\$445,000
2019 Budget Rollover					\$0
Net Income	-\$344,402	-\$16,175	(\$431,600)		-\$14

FY 2021 Budget	10 Month Actuals Jan - Oct 20	12 Month Estimates	FY 2020 Approved Budget	Variance	FY 2021 Proposed Budget
<b>Road Maintenance</b>					
Total RM Revenue	\$401,669	\$515,336	\$350,000	-\$165,336	\$625,000
Total RM Expense	\$300,145	\$360,174	\$450,000	\$89,826	\$625,000
Net Ordinary Income	\$101,524	\$155,162	-\$100,000	-\$255,162	\$0
Total Capital Outlay	\$0	\$0	\$0		\$0
Net Income	\$101,524		(\$100,000)		\$0

Paul Hightower stated he will adjust all the negative numbers in the budget.

Now, moving on to the bond and the explanations of what projects are included. Looking at compliance issues, waterlines, and the high maintenance, we have line extensions, elevated tower. Last year we worked with BEFCO on putting together the capital plan, I had BEFCO reevaluate the projects and they are allowing a 5 to 10% increase on some of it.

So, I took the lineup grades, extensions the elevated, and applied a 5% factor to it as it just in case on the rate increase. I do believe overall; our figures are looking good. We've got a good solid budget. We've got a good cash flow as we're moving into the next year, we've got a lot of capital projects and need to get these projects done.

Sam Kier stated he wants the board to understand the capital plan, when you add back the water meters and the building is about \$7.3 million dollars of capital you expect to spend the next 10 years. I believe that our cash models that are cash flow will require us to borrow somewhere between \$4.5 to \$5.5 million of that money in order to get it done within 3 years.

Paul Hightower stated after the first five years, everything moving forward will fall under cash. That was point of establishing this capital plan, and getting us on track, and getting the bond is so that we can get these things done, and get the system where it needs to be, and then pay ourselves forward and get ourselves out of debt.

President O'Hanlon thanked Director Kier for his explanation and stated we are looking really good on our operating budget.

**Motion: Sam Kier moved to accept the FY 2021 budget as presented except amend wastewater to take out some capital items to make it a zero budget. Seconded: Butch Carmack. Vote: Four (4) in favor, motion carries.**

- 23.) Discussion and possible action regarding annual review and approval of the District Investment Policy  
Paul Hightower stated this is an annual review of the District Investment Policy. The only revision to the document was removing Autumn Phillips and adding Ghia Lewis as the Investment officers.

**Motion: Sam Kier moved to approve the District's Investment Policy as explained. Seconded: Butch Carmack. Vote: Four (4) in favor, motion carries.**

- 24.) Discussion and possible action regarding Engagement Letter from West Davis and Company to audit the District's financial statements for 2020 Fiscal Year.

Paul Hightower recommends the Board approve the Engagement Letter from West Davis and Company. Mr. Hightower stated last year was the first year working with them and it was a very good experience.

**Motion: Butch Carmack moved to approve the Engagement Letter from West Davis and Company to audit the District's financial statements for 2020 Fiscal Year. Seconded: Sam Kier. Vote: Four (4) in favor, motion carries.**

- 25.) Discussion and possible action regarding adoption of Resolution Approving 2021 Road Fee Exemptions  
Paul Hightower stated this item is regarding extending Road Fee Exemptions for 65 and older and disability exemptions for 2021. This will lock 65 and older at the current rate and allowing a percentage for disable persons depending on the level of disability.

**Motion: Sam Kier moved to approve Resolution Approving 2021 Road Fee Exemptions. Seconded: Butch Carmack. Vote: Four (4) in favor, motion carries.**

- 26.) Discussion and possible action regarding filing liens on all delinquent road fee accounts as of January 21, 2021  
Paul Hightower stated the staff recommends that lien be filed on all delinquent accounts as of January 21, 2021.

**Motion: Sam Kier moved to approve filing on all delinquent road accounts as of January 21, 2021. Seconded: Butch Carmack. Vote: Four (4) in favor, motion carries.**

- 27.) Board suggestions on future agenda items  
None.

- 28.) Adjourn

**Motion: Butch Carmack moved to adjourn the meeting. Seconded: Sam Kier. Vote: Four (4) in favor, motion carries.**

MEETING ADJOURNED AT 8:09 P.M.

  
\_\_\_\_\_  
Board Director

  
\_\_\_\_\_  
Date